

Single Sales Factor

Keeping Massachusetts Companies Competitive



Overview

Massachusetts offers an attractive tax environment for businesses. In particular, the Single Sales Factor reduces the tax burden for manufacturers and other qualifying companies.

How It Works

Single sales factor apportionment is the ratio of Massachusetts sales to overall sales. Net income subject to Massachusetts tax is determined by multiplying overall net income by the apportionment factor.

Many other states use three-factor apportionment which weighs the state sales, property and payroll as a percent of overall sales, property and payroll.

Advantages

This is advantageous for companies with significant property and employees, as it won't be a factor in determining the amount of tax. Additionally, this provision does not penalize companies for continual investment in the business or for hiring more employees.

Eligibility

Manufacturing companies, qualifying defense contractors, and qualifying financial services providers are eligible for single sales factor Massachusetts income tax apportionment.

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M.G.L. c. 63 s. 38
830 CMR 63.38.1 and 830 CMR 58.2.1



Massachusetts
It's all here.